

AN ORDINANCE 2006-06-29-0834

AUTHORIZING THE ACCEPTANCE OF A GRANT AWARD IN THE AMOUNT OF \$350,000.00 FROM THE FEDERAL HOME LOAN BANK (FHLB) OF DALLAS FOR THE EMERGENCY HOUSING REPAIR PROGRAM AND EXECUTION OF THE GRANT AGREEMENT; AUTHORIZING THE ACCEPTANCE OF \$25,000.00 FROM THE ANNIE E. CASEY FOUNDATION, \$5,000.00 FROM FROST NATIONAL BANK, AND \$5,000.00 FROM LAREDO NATIONAL BANK; AND AUTHORIZING THE ACCEPTANCE OF \$10,000.00 FROM J. P. MORGAN CHASE BANK, \$5,000.00 FROM WELLS FARGO AND \$5,000.00 FROM BROADWAY BANK, BY THE SAN ANTONIO HOUSING TRUST FOUNDATION, INC., ACTING AS FISCAL AGENT FOR THE CITY OF SAN ANTONIO; APPROVING GUIDELINES FOR THE PROGRAM; ESTABLISHING A BUDGET; AND AUTHORIZING EXECUTION OF ANY RELATED DOCUMENTS.

* * * * *

WHEREAS, through funding from the San Antonio Housing Trust Fund in the amount of \$100,000.00, the City of San Antonio (City) established an Emergency Housing Repair Program through Ordinance No. 101749, which was passed and approved by City Council on December 1, 2005, in order to address health and safety items for senior and low-income property owners; and

WHEREAS, the City worked with Merced Housing Texas, which is a non-profit housing organization, to implement this Program; and

WHEREAS, the City, in working with Frost National Bank, submitted an application to the Federal Home Loan Bank (FHLB) of Dallas for a \$350,000.00 grant in support of the Program, and the City received notification in May 2006 that this grant had been awarded; and

WHEREAS, this grant will assist seventy-eight (78) low-income property owners over the next two years; and

WHEREAS, in December 2005, guidelines for the Program required that a property be located within the inner city, also known as the CRAG Target Area (Hildebrand on the north, 24th Street on the west, Walters Street on the east, and Division on the South); and

WHEREAS, due to the fact that additional funding has been secured, the City is recommending eligibility requirements or guidelines for the Program which allow properties located throughout the city limits of the City of San Antonio; and

WHEREAS, as a result of a meeting with local banks, the City has been offered donations in the amount of \$25,000.00 from the Annie E. Casey Foundation, \$5,000.00 from Frost Bank, \$5,000.00 from Laredo National Bank, \$10,000.00 from Chase Bank, \$5,000.00 from Wells

Fargo, and \$5,000.00 from Broadway Bank, with the latter three of these donations being accepted through the San Antonio Housing Trust Foundation, Inc. (SAHTF), who serves as fiscal agent for the City; and

WHEREAS, the City will continue to work with Merced Housing Texas and other non-profit housing providers to implement the Program with the additional funds; and

WHEREAS, it is now necessary to authorize acceptance of the grant from the FHLB of Dallas and execution of the FHLB agreement; to authorize acceptance of the donations; to approve guidelines for the Program; to establish a budget; and to authorize execution of any related documents; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Manager, or her designee or the Director of the Neighborhood Services Department, is authorized to accept a grant award in the amount of \$350,000.00 from the Federal Home Loan Bank (FHLB) of Dallas for the Emergency Housing Repair Program. The City Manager, or her designee or the Director of the Neighborhood Services Department, is further authorized to execute an agreement with FHLB, as well as any other related documents, in order to accept this grant. A copy of the agreement with FHLB is attached hereto and incorporated herein for all purposes as Attachment I.

SECTION 2. The City Manager, or her designee or the Director of the Neighborhood Services Department, is authorized to accept the following donations in support of the Program: 1) \$25,000.00 from the Annie E. Casey Foundation; 2) \$5,000.00 from Frost National Bank; 3) \$5,000.00 from Laredo National Bank 4) \$10,000.00 from J. P. Morgan Chase Bank, which will be accepted through the San Antonio Housing Trust Foundation Inc. (SAHTF) acting as fiscal agent for the City; 5) \$5,000.00 from Wells Fargo, which will be accepted through the SAHTF acting as fiscal agent for the City; and 6) \$5,000.00 from Broadway Bank, which will also be accepted through the SAHTF acting as fiscal agent for the City. The City Manager, or her designee or the Director of the Neighborhood Services Department, is further authorized to execute any and all related documents in connection with the acceptance of these donations.

SECTION 3. The following eligibility requirements or guidelines are hereby approved for the Emergency Housing Repair Program:

- a. Housing unit must be owner-occupied (no rental properties);
- b. Unit must be located within the city limits of the City of San Antonio;
- c. Maximum grant of \$4,500.00 per unit, which can address multiple emergency repairs;
- d. Client must be over age 57 and/or disabled (physically or mentally); and
- e. Household cannot exceed 30% of the Area Median Income adjusted annually by the U.S. Department of Housing and Urban Development (HUD) for family size (family size and 2006 income limits are: 1 - \$11,151.00; 2 - \$12,744.00; 3 - \$14,337.00; 4 - \$15,930.00; 5 - \$18,749.00).

SECTION 4. Fund Number 26012000 entitled "Misc. Agencies" and Internal Order 16100000053 entitled "Emergency Housing Repair Program" are hereby designated for use in

the accounting for the \$385,000 received from FHLB, Annie E. Casey Foundation, Frost National Bank, and Laredo National Bank. The additional \$10,000 from J.P. Morgan Chase Bank, \$5,000 from Wells Fargo, and \$5,000 from Broadway Bank will be accepted by the San Antonio Housing Trust Foundation.

Section 5. The sum of \$385,000 is hereby appropriated in Internal Order 16100000053 and will be disbursed from GL 5201040 entitled "Fees to Professional Contractors".


SECTION 6. The budget which is attached and incorporated herein for all purposes as Attachment II, is hereby adopted.

SECTION 7. The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

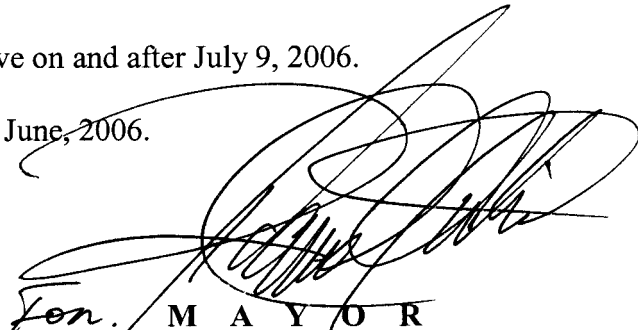
SECTION 8. This ordinance shall be effective on and after July 9, 2006.

PASSED AND APPROVED this 29th day of June, 2006.

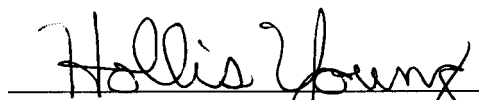
ATTEST:



City Clerk


Hon. M A Y O R
PHIL HARDBERGER

APPROVED AS TO FORM:



for City Attorney

Agenda Voting Results

Name: 79

Date: 06/29/06

Time: 07:49:47 PM

Vote Type: Multiple selection

Description: An Ordinance authorizing the acceptance of a grant award in the amount of \$350,000.00 from the Federal Home Loan Bank (FHLB) of Dallas for the Emergency Housing Repair Program and execution of the grant agreement; authorizing the acceptance of \$25,000.00 from the Annie E. Casey Foundation and \$5,000.00 from Frost National Bank; and authorizing the acceptance of \$10,000.00 from J. P. Morgan Chase Bank, \$5,000.00 from Laredo National Bank, \$5,000.00 from Wells Fargo and \$5,000.00 from Broadway Bank, by the San Antonio Housing Trust Foundation, Inc., acting as fiscal agent for the City of San Antonio; approving guidelines for the program; establishing a budget; and authorizing execution of any related documents. [Presented by David D. Garza, Director, Neighborhood Services; Jelynn LeBlanc Burley, Deputy City Manager]

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1		x		
SHEILA D. MCNEIL	DISTRICT 2		x		
ROLAND GUTIERREZ	DISTRICT 3		x		
RICHARD PEREZ	DISTRICT 4	Not present			
PATTI RADLE	DISTRICT 5		x		
DELICIA HERRERA	DISTRICT 6		x		
ELENA K. GUAJARDO	DISTRICT 7		x		
ART A. HALL	DISTRICT 8		x		
KEVIN A. WOLFF	DISTRICT 9		x		
CHIP HAASS	DISTRICT_10		x		
MAYOR PHIL HARDBERGER	MAYOR	Not present			



Attachment I

Community Investment Department
8500 Freepoint Parkway South
Suite 100
Irving, Texas
75063-2547

P.O. Box 619026
Dallas, Texas
75261-9026

800.362.2944
fax 214.441.8877
www.fhlb.com

May 3, 2006

Ms. Donna Normandin
Senior Vice President
Frost Bank
100 W. Houston St.
San Antonio, TX 78205

RE: 2006A0947

Dear Ms. Normandin:

The Federal Home Loan Bank of Dallas is pleased to notify you that your application for the **Emergency Repair Program** project has been awarded an Affordable Housing Program (AHP) grant for **\$350,000**.

Fifty-eight grant applications were approved during this round for a total of \$8.3 million, which will lead to the creation, renovation or acquisition of 1,508 housing units.

Attached for your review is an *Affordable Housing Program Agreement* that your institution and the project sponsor/owner must read and sign. **The representative signing for your institution must have advance authority as indicated by the signature card on record at the Bank.** After signing this document, please return it to the address listed above. Please note that the funding of this commitment is contingent upon fulfilling the requirements specified in the Bank's AHP policies and procedures.

Congratulations on your efforts to provide affordable housing in your community. We will contact you within the next few weeks to discuss the project, and look forward to working with you toward its successful completion. If you have any questions in the meantime, please contact Robert Crutchfield, Mark Loya, Ruth Abram or Steven Matkovich at 800.362.2944.

Sincerely,

Bruce Hatton
Director, Community Investment

Attachment

Cc (w/o attachment):
Ms. Paula Stallcup
Assistant Director
City of San Antonio



**Affordable Housing Program Agreement
For Owner-Occupied Project**

This is an Affordable Housing Program Agreement for Owner-Occupied Project ("Agreement") dated as of **May 3, 2006** by and among the Federal Home Loan Bank of Dallas, a federally chartered corporation ("Bank"), **Frost Bank** ("Member"), and **City of San Antonio** ("Project Sponsor"). The Bank, Member and Project Sponsor are sometimes referred to herein individually as a "party" and collectively as the "parties." Capitalized terms not defined elsewhere herein have the respective meanings ascribed to them in Section 1 of this Agreement. All references in this Agreement to statutes or regulations include such statute or regulation as in effect from time to time, any amendments thereto and any successor statute or regulation.

RECITALS

WHEREAS, Member and Project Sponsor have completed and Member has submitted to the Bank an Affordable Housing Program ("AHP") application (including any and all documents submitted in connection therewith, collectively, the "Application") requesting a Direct Subsidy (as defined below) from the Bank for full or partial funding of the project, Project Number **2006A0947** (the "Project"), described in the Application, which Application is incorporated into and made a part of this Agreement;

WHEREAS, the Board of Directors of the Bank approved the Application on **May 3, 2006** (the "Approval Date"); and

WHEREAS, the parties to this Agreement desire to set forth terms that will govern the respective duties and obligations of the Bank, Member and Project Sponsor with regard to the Direct Subsidy;

NOW, THEREFORE, in consideration of the promises and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, and intending to be legally bound hereby, the parties agree as follows:

1. DEFINITIONS.

"Act" means the Federal Home Loan Bank Act, as amended from time to time.

"Agreement" has the meaning set forth in the Preamble to this Agreement.

"AHP" has the meaning set forth in the Recitals to this Agreement.

"AHP Documents" means the Application, the AHP Funding Manual, the AHP Implementation Plan, the AHP Regulations and any other documents published by the Bank or the Finance Board relating to the AHP and any document submitted to the Bank by Member or Project Sponsor relating to the Direct Subsidy or the Project.

"AHP Funding Manual" means the Bank's Affordable Housing Program Funding Manual for Owner-Occupied Projects substantially in the form set forth on the Bank's website at www.fhlb.com as in effect from time to time.

"AHP Implementation Plan" means the written AHP Implementation Plan adopted by the Board of Directors of the Bank as in effect from time to time.

"AHP Regulations" means 12 C.F.R. Part 951 as in effect from time to time, any amendments thereto and any successor regulations, which AHP Regulations are incorporated into and made a part of this Agreement.

"Application" has the meaning set forth in the Recitals to this Agreement.

"Approval Date" has the meaning set forth in the Recitals to this Agreement.

"Bank" has the meaning set forth in the Preamble to this Agreement.

"Business Day" means a day on which the Bank is open for business.

"Direct Subsidy" means a direct cash payment, provided that if a Direct Subsidy is used to reduce the interest rate on a loan extended by Member, Project Sponsor or other party to the Project, the Direct Subsidy shall equal the net present value of the interest foregone from making the loan below the lender's market interest rate (calculated as of the date the Application was submitted to the Bank and subject to adjustment under Section 7.3 below and at a rate equal to the lender's market interest rate).

"Due Diligence Requirements" means (i) the monitoring and reporting requirements of the AHP Documents and (ii) for Member, reasonable collection efforts as outlined in Section 8.3.

"FHLB" means a Federal Home Loan Bank.

"Finance Board" means the Federal Housing Finance Board or any successor entity.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity

exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Low- or Moderate-Income Household" means a household that, at the time it is qualified by Project Sponsor for participation in the Project, has an income of 80% or less of the Median Income for the Area.

"Median Income for the Area" means the median income for the area as published annually by the United States Department of Housing and Urban Development (adjusted for family size), as provided by the Federal Housing Finance Board or the Federal Financial Institutions Examination Council, or the incomes as outlined under the Native American Housing Assistance and Self-Determination Act, as the case may be.

"member" means an institution that has been approved for membership in an FHLB and has purchased capital stock in the FHLB.

"Member" has the meaning set forth in the Preamble to this Agreement.

"Member Events of Default" has the meaning set forth in Section 8.1.

"Project" has the meaning set forth in the Recitals to this Agreement.

"Project Completion" means (i) for a Project involving the purchase of owner-occupied housing, when all homeownership units of the Project are sold and occupied by eligible households or (ii) for a Project involving the rehabilitation of owner-occupied housing, when the rehabilitation is complete for all units of such Project.

"Project Sponsor" has the meaning set forth in the Preamble to this Agreement.

"Project Sponsor Events of Default" has the meaning set forth in Section 8.2.

"Repaid Direct Subsidy" has the meaning set forth in Section 5.6.

"Retention Period" means five (5) years from (i) the date of the closing of the sale of the Project or a unit of the Project, as applicable, for a Project involving the purchase of owner-occupied housing or (ii) the date of disbursement of the Direct Subsidy by the Bank to Member for the Project or a unit of the Project, as applicable, for a Project involving the rehabilitation of owner-occupied housing.

2. DIRECT SUBSIDY.

Subject to the terms and conditions set forth herein and in the AHP Documents, the Bank agrees to provide the Direct Subsidy to Member upon the receipt of a Request for Disbursement of Funds along with any other required documentation from Member. The total amount of the Direct Subsidy shall not exceed **\$350,000**.

3. CONDITIONS TO FUNDING.

Prior to the Bank's initial disbursement of the Direct Subsidy and prior to each disbursement thereafter:

3.1. The Project must meet the eligibility requirements of the AHP Regulations.

3.2. The Project must be in compliance with all obligations committed to by Member and Project Sponsor in the Application and in any of the other AHP Documents.

3.3. Member must be a member of the Bank and have executed and on file at the Bank the current form of the Bank's Master Transactions Agreement, Corporate Certificate of Authority, Advances and Security Agreement and Advances Signature Card.

4. REPRESENTATIONS AND WARRANTIES OF THE PARTIES.

Each party represents and warrants to the other parties that:

4.1. It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite corporate power and authority to carry on its business as now conducted.

4.2. This Agreement is within such party's corporate powers and has been duly authorized by all necessary corporate action.

4.3. This Agreement has been duly executed and delivered by such party and constitutes a legal, valid and binding obligation of such party enforceable in accordance with its terms.

4.4. The execution and delivery of this Agreement by any party (i) does not require any consent or approval of, or registration or filing with, or any other action by, any Governmental Authority, except such as have been obtained or made and are in full force and effect, (ii) will not violate any applicable law or regulation or the charter, by-laws or other organizational documents of such party or any order of any Governmental Authority and (iii) will not violate or result in a default under any indenture, material agreement or other material instrument binding upon such party or its assets.

5. COVENANTS OF MEMBER.

Member covenants and agrees with the Bank that:

5.1. Member shall be bound by, comply with and use the Direct Subsidy in accordance with the terms and conditions of (i) this Agreement, (ii) the Act and (iii) the AHP Documents.

5.2. Member is likely within twelve (12) months after the Approval Date to (i) draw down the Direct Subsidy to fund the Project or (ii) procure other financing commitments from third parties for the Project.

5.3. Member shall ensure that Project Completion occurs within thirty-six (36) months after the Approval Date, unless the Project involves Native American sponsors or is located on Native American land, in which case Member shall ensure that Project Completion occurs within five (5) years after the Approval Date. Within ten (10) Business Days after the date of Project Completion, Member shall notify the Bank that Project Completion has occurred and shall provide to the Bank such documentation as the Bank in its sole discretion shall request proving that Project Completion has occurred.

5.4. Member shall pass on the full amount of the Direct Subsidy to the Project.

5.5. Member shall comply with the Due Diligence Requirements.

5.6. Member shall ensure that any unit of the Project that is purchased, constructed or rehabilitated with the proceeds of a Direct Subsidy is subject to a deed restriction or other legally enforceable retention agreement or mechanism in form and substance satisfactory to the Bank, in its sole discretion, requiring that (i) the Bank or its designee is to be given notice of any sale or refinancing of the unit occurring prior to the end of the Retention Period; (ii) in the case of a sale of the unit prior to the end of the Retention Period, an amount equal to the pro rata share of the total amount of the Direct Subsidy granted for the Project that financed the purchase, construction or rehabilitation of the unit, reduced 1/60 for every month the seller owned the unit (the "Repaid Direct Subsidy"), shall be repaid to the Bank from any net gain realized upon the sale of the unit after deduction for sales expenses, unless the purchaser is a Low- or Moderate-Income Household; (iii) in the case of a refinancing prior to the end of the Retention Period, the Repaid Direct Subsidy shall be repaid to the Bank from any net gain realized upon the refinancing, unless the unit continues to be subject to a deed restriction or other legally enforceable retention agreement or mechanism as described in this Section 5.6 in form and substance satisfactory to the Bank, in its sole discretion; and (iv) the obligation to repay the Direct Subsidy to the Bank shall terminate after any foreclosure.

5.7. Member shall pay forthwith to the Bank all payments of principal and interest received by Member if Member or Project Sponsor lends a Direct Subsidy to the Project.

6. COVENANTS OF PROJECT SPONSOR.

Project Sponsor covenants and agrees with the Bank and Member that:

6.1. Project Sponsor shall be bound by, comply with and use the Direct Subsidy in accordance with the terms and conditions of (i) this Agreement, (ii) the Act and (iii) the AHP Documents.

6.2. Project Sponsor is likely, within twelve (12) months after the Approval Date, to (i) draw down the Direct Subsidy to fund the Project or (ii) procure other financing commitments from third parties for the Project.

6.3. Project Sponsor shall ensure that Project Completion occurs within thirty-six (36) months after the Approval Date, unless the Project involves Native American sponsors or is located on Native American land, in which case Project Sponsor shall ensure that Project Completion occurs within five (5) years after the Approval Date. Project Sponsor shall provide to Member such documentation as Member shall request for Member to provide to the Bank to prove that Project Completion has occurred.

6.4. Project Sponsor shall comply with the Due Diligence Requirements.

6.5. Project Sponsor shall pay forthwith to the Bank all payments of principal and interest received by Project Sponsor if Project Sponsor or Member lends a Direct Subsidy to the Project.

7. AMENDMENTS; MODIFICATIONS.

7.1. No amendment or other modification, rescission, release, annulment or assignment of any part of this Agreement shall be effective except pursuant to a written agreement executed and delivered to each other by all the parties to this Agreement.

7.2. Member and Project Sponsor will furnish to the Bank written notice promptly if, prior to or after final disbursement of funds to the Project from all funding sources, there is or will be a change in the specifications of the Project, as set forth in the Application as of the Approval Date. The Bank, in its discretion, may approve in writing such changes to the specifications of the Project, as set forth in the Application, provided that (i) the Project, incorporating any such changes, would meet the eligibility requirements of the AHP Regulations, (ii) the Application, as reflective of such changes, continues to score high enough to have been approved by the Board of Directors of the Bank in the funding period in which it was originally scored and approved by the Board of Directors of the Bank and (iii) there is good cause for the change. If the Bank does not approve such changes to the specifications of the Project, as set forth in the Application, then (i) Member and Project Sponsor must continue the Project according to the specifications in the Application as of the Approval Date or (ii) the Bank shall cancel its approval of the Application and Member and Project Sponsor shall repay to the Bank the amount of the Direct Subsidy.

7.3. If the Direct Subsidy is to be used to reduce prior to closing the principal amount or the interest rate on a loan to the Project and the amount of the Direct Subsidy required to maintain the debt service cost for the loan decreases from the amount of the Direct Subsidy initially approved by the Bank due to a decrease in market interest rates between the Approval Date and the time the lender commits to the interest rate to finance the Project, then the Bank shall reduce the Direct Subsidy amount accordingly.

8. EVENTS OF DEFAULT.

8.1. Of Member. If any of the following events ("Member Events of Default") shall occur:

(i) any representation or warranty made or deemed made by or on behalf of Member in this Agreement or any AHP Document or any amendment or modification to any of the above shall prove to have been materially incorrect when made or deemed made; or

(ii) Member, as a result of Member's actions or omissions, shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any AHP Document or any amendment or modification to any of the above;

then, and in every such event, the Bank shall cancel its approval of the Application and Member shall repay to the Bank the amount of the Direct Subsidy affected by the Member Event of Default, plus interest, if appropriate, unless (A) Member cures the Member Event of Default within a reasonable period of time or (B) the circumstances of the Member Event of Default are eliminated through a modification of the Application pursuant to Section 7 above. For the avoidance of doubt, if the circumstances of the Member Event of Default cannot be eliminated through a modification of the Application pursuant to Section 7 above, then Member shall repay the *entire* amount of the Direct Subsidy to the Bank.

8.2. Of Project Sponsor. If any of the following events ("Project Sponsor Events of Default") shall occur:

(i) any representation or warranty made or deemed made by or on behalf of Project Sponsor in this Agreement or any AHP Document or any amendment or modification to any of the above shall prove to have been materially incorrect when made or deemed made; or

(ii) Project Sponsor, as a result of Project Sponsor's actions or omissions, shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any AHP Document or any amendment or modification to any of the above;

then, and in every such event, the Bank shall cancel its approval of the Application and Project Sponsor shall repay to Member, and Member shall recover from Project Sponsor and repay to the Bank, the amount of the Direct Subsidy affected by the Project Sponsor Event of Default, plus interest, if appropriate, unless (A) Project Sponsor cures the Project Sponsor Event of Default within a reasonable period of time; or (B) the circumstances of the Project Sponsor Event of Default are eliminated through a modification of the application for the Direct Subsidy pursuant to Section 7 above. For the avoidance of doubt, if the circumstances of the Project Sponsor Event of Default cannot be eliminated through a modification of the Application pursuant to Section 7

above, then Project Sponsor shall repay the *entire* amount of the Direct Subsidy to Member.

8.3. Collection by Member. Notwithstanding the provisions of Section 8.2 requiring Member to recover the Direct Subsidy from Project Sponsor upon the occurrence of a Project Sponsor Event of Default, if a Member Event of Default has not occurred and is not continuing, Member shall not be liable to the Bank for the return of amounts of the Direct Subsidy that cannot be recovered from Project Sponsor through reasonable collection efforts undertaken by Member. Reasonable collection efforts undertaken by Member shall include, but shall not be limited to, those actions that a reasonable lender would take to ensure the collection of a loan made by such lender.

8.4. Suspension and Debarment. If Member or Project Sponsor shows a pattern of noncompliance, or engages in a single instance of flagrant noncompliance with the terms of the Application or the AHP Regulations, the Bank may, or the Finance Board may order the Bank to, suspend or debar Member or Project Sponsor from participation in the AHP.

9. SUCCESSORS AND ASSIGNS; TRANSFER.

9.1. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby.

9.2. Member will make best efforts to transfer its obligations under the Application to another member of the Bank in the event of its loss of membership in the Bank prior to the Bank's final disbursement of the Direct Subsidy. If Member loses its membership in the Bank, the Bank may disburse the Direct Subsidy to a member of the Bank to which Member has transferred its obligations under the Application, or the Bank may disburse the Direct Subsidy through another FHLB to a member of that FHLB that has assumed Member's obligations under the Application.

9.3. If, after final disbursement of the Direct Subsidy to Member, Member undergoes an acquisition or consolidation resulting in a successor organization that is not a member of the Bank, the nonmember successor organization assumes Member's obligations under the Application.

10. PUBLICITY.

Project Sponsor and Member agree that by submitting the Application, each of them grants to the Bank, and will cause any individual who is a beneficiary of the Direct Subsidy pursuant to the Application to grant to the Bank, permission for the Bank to publicize and to make available to any party information with respect to the Direct Subsidy that is the subject of the Application, including information regarding the identity of Member and Project Sponsor receiving a Direct Subsidy and related details regarding the amount and the terms of the Direct Subsidy. The information that the Bank is authorized to publicize pursuant to this Section 10 may include personally identifiable

information of an individual who is a beneficiary of a Direct Subsidy that the Bank would not be authorized to disclose absent the permission granted hereby.

11. COUNTERPARTS.

This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement.

12. ENTIRE AGREEMENT.

This Agreement, together with the Exhibits hereto, the requirements of the Act and the AHP Documents, each of which is incorporated into this Agreement, constitutes the entire agreement of the parties and supersedes all prior understandings or agreements, oral or written, among the parties on the subjects addressed in this Agreement. Notwithstanding the foregoing, no provision of this Agreement shall be construed to contradict or supersede any applicable law or regulation. To the extent the requirements of the AHP Regulations are amended from time to time, this Agreement is deemed to incorporate the amendments to conform to any new requirements of the AHP Regulations; however, no amendment to the AHP Regulations shall affect the legality of actions taken prior to the effective date of such amendment.

13. GOVERNING LAW.

This Agreement is subject to the Act and the AHP Regulations, as the same may be amended from time to time, and shall be governed by the applicable statutory and common law of the United States and, to the extent such law incorporates or defers to state law, the laws of the State of Texas, without giving effect to the choice of law principles included therein.

14. NO THIRD PARTY RIGHTS.

This Agreement is intended to benefit only the parties hereto and does not create rights in any other entities or individuals.

15. SEVERABILITY.

If any provision of this Agreement is found invalid or unenforceable, the remainder of this Agreement shall remain in full force and effect and the invalid or unenforceable provision shall be deemed amended to the least extent necessary to eliminate such invalidity or unenforceability and to carry out the intention of the parties.

16. NOTICES.

Any notice required or permitted to be given or made under this Agreement, including a notice to effect a change in a party's address for notice, must be in writing and addressed to the other parties at the addresses of such parties set forth in Exhibit A

hereto, as such Exhibit A may be amended from time to time in accordance with this Section 16, and will be deemed to be properly given or made on the earliest of (i) actual delivery, (ii) two (2) Business Days after being sent, with delivery charges paid by the sending party, by a nationally recognized commercial courier service for delivery on the next Business Day, and (iii) three (3) Business Days after being sent through the United States Postal Service, certified mail, return receipt requested, postage prepaid.

17. HEADINGS.

The parties agree that the headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

[Remainder of page is intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

FEDERAL HOME LOAN BANK OF DALLAS

By: _____
Name: _____
Title: _____

Frost Bank

By: _____
Name: _____
Title: _____

City of San Antonio

By: _____
Name: _____
Title: _____

EXHIBIT A

Addresses of Parties for Notice

To the Bank:

Federal Home Loan Bank of Dallas

Delivery:

8500 Freeport Parkway South

Suite 100

Irving, Texas 75063-2547

Attention: Community Investment Department

To Member:

Frost Bank

Delivery:

100 W. Houston St.

San Antonio, TX 78205

Attention: Ms. Donna Normandin

Senior Vice President

To Project Sponsor:

City of San Antonio

Delivery:

1400 S. Flores

San Antonio, TX 78204

Attention: Ms. Paula Stallcup

Assistant Director

EMERGENCY HOUSING REPAIR PROGRAM BUDGET**INTERNAL ORDER: TBC****CONTRACT NO.:TBC**

G/L NO.	COST CENTER	GRANTS IN AID - REVENUES	AMOUNT
4501170	6101040001	FEDERAL HOME LOAN BANK	\$350,000
4501170	6101040001	FROST BANK	\$5,000
4501170	6101040001	ANNIE E. CASEY FOUNDATION	\$25,000
		TOTAL	<u>\$380,000</u>
EXPENSES			
5201040	6101040001	HOUSING REHABILITATION - FEES TO PROS	<u>\$380,000</u>

*tbc-to be created